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2017 MAY -4 P 3: 28

Arizona Corporation Commission

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MAY 4 2017

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BEFORE THE ARIZONA CORPORATION COMMISSION

TOM FORESE, Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD W. DUNN

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN.

Docket No. E-01345A-16-0036

IN THE MATTER OF FUEL AND
PURCHASED POWER PROCUREMENT
AUDITS FOR ARIZONA PUBLIC SERVICE
COMPANY.

Docket No. E-01345A-16-0123

**NOTICE OF FILING CORRECTED
SWEEP EXHIBIT 6 AND RELATED
CORRECTIONS TO SWEEP
EXHIBIT 4**

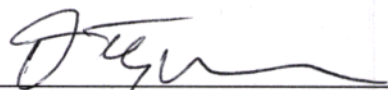
Southwest Energy Efficiency Project ("SWEEP") hereby provides notice that it is filing a
revised SWEEP Exhibit No. 6 and related changes to SWEEP Exhibit No. 4, which is Jeff
Schlegel's rebuttal testimony regarding the proposed settlement agreement. These revisions

1 relate to a spreadsheet cell reference error on SWEEP Exhibit 6 that was discussed at the hearing
2 on May 2, 2017. The revisions in SWEEP Exhibit 6 only affect the three columns showing the
3 change from E-12 to R-Basic Large for the columns labeled \$ Change, % Change and % of
4 Billed Change from BSC Increase. The corrections are also reflected in the attached revisions to
5 SWEEP Exhibit No. 4, page 11 (lines 13 and 15) and SWEEP attachment JAS-3SR to SWEEP
6 Exhibit No. 4, which are also attached.

7 The Administrative Law Judge also directed SWEEP to prepare two new exhibits
8 denominated as SWEEP Exhibits 8A and 8B showing the bill impact analysis using SWEEP's
9 rate design and its alternative rate design for R-XS, R-Basic and R-Basic Large rates. SWEEP is
10 in the process of obtaining the data necessary to prepare those exhibits from APS and will file
11 them as soon as the data is available.

12 DATED this 4th day of May, 2017.

13
14 ARIZONA CENTER FOR LAW IN
15 THE PUBLIC INTEREST

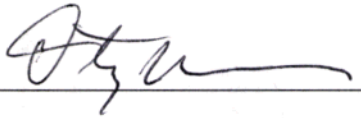
16 By 
17 Timothy M. Hogan
18 514 W. Roosevelt Street
19 Phoenix, Arizona 85003
20 *Attorneys for Southwest Energy Efficiency Project*

21 ORIGINAL and 13 COPIES of
22 the foregoing filed this 4th day
23 of May, 2017, with:

24 Docketing Supervisor
25 Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

1 COPIES of the foregoing
2 electronically mailed this
3 4th day of May, 2017, to:

4 All Parties of Record

5 
6

CORRECTED SWEEP Exhibit 6, Attachment JAS-3SR

SWEEP Analysis of Bill Impacts Based on Limited Bill Impact Data Available at the Time of Rebuttal

Earlier revisions: additional cells filled in for % change in summer table; additional shading in first row; winter comparison table added on page 2

Summer Comparison					Corrected Column			Corrected Column			Corrected Column		
Total Bill Summer					\$ Change			% Change			% of Bill Change from BSC Increase		
Usage	E-12 w/Adj	R-XS	R-Basic	R-Basic L	E-12 to R-XS	E-12 to R-Basic	E-12 to R-Basic L	E-12 to R-XS	E-12 to R-Basic	E-12 to R-Basic L	E-12 to R-XS	E-12 to R-Basic	E-12 to R-Basic L
100	\$ 19.81	\$ 21.68	\$ 27.39	\$ 33.43	\$ 2.07	\$ 7.78	\$ 13.81	11%			65%		
200	\$ 30.56	\$ 33.35	\$ 39.78	\$ 46.84	\$ 2.80	\$ 9.23	\$ 16.28	9%			48%		
300	\$ 41.50	\$ 45.02	\$ 52.18	\$ 60.25	\$ 3.52	\$ 10.68	\$ 18.75	8%			38%		
400	\$ 52.44	\$ 56.70	\$ 64.57	\$ 73.66	\$ 4.25	\$ 12.12	\$ 21.22	8%			31%		
500	\$ 67.52	\$ 68.37	\$ 76.98	\$ 87.08	\$ 0.85	\$ 9.44	\$ 19.56	1%			157%		
600	\$ 82.59	\$ 80.04	\$ 88.36	\$ 100.49	\$ (2.55)	\$ 8.79	\$ 17.90	-3%	8%		-52%	94%	
700	\$ 97.67	\$ 91.71	\$ 101.75	\$ 113.90	\$ (5.95)	\$ 4.28	\$ 16.23	-6%	4%		-22%	155%	
800	\$ 112.74	\$ 103.38	\$ 114.14	\$ 127.31	\$ (9.36)	\$ 1.40	\$ 14.57		1%			451%	
900	\$ 130.16	\$ 115.08	\$ 126.53	\$ 140.72	\$ (15.11)	\$ (3.63)	\$ 10.58		-3%			-174%	
1000	\$ 147.59	\$ 126.73	\$ 138.93	\$ 154.14	\$ (20.86)	\$ (9.66)	\$ 8.58		6%	4%		-73%	173%
1100	\$ 165.01	\$ 138.40	\$ 151.32	\$ 167.55	\$ (26.61)	\$ (13.69)	\$ 2.54		-8%	2%		-46%	447%
1200	\$ 182.43	\$ 150.07	\$ 163.71	\$ 180.96	\$ (32.36)	\$ (18.72)	\$ (1.47)		-10%	-1%		-34%	-770%
1300	\$ 199.86	\$ 161.74	\$ 176.11	\$ 194.37	\$ (38.11)	\$ (23.75)	\$ (5.49)			-3%			-207%
1400	\$ 217.28	\$ 173.42	\$ 188.50	\$ 207.78	\$ (43.87)	\$ (28.78)	\$ (9.50)			-4%			-119%
1500	\$ 234.71	\$ 185.09	\$ 200.89	\$ 221.20	\$ (49.62)	\$ (33.81)	\$ (13.51)			-6%			-84%
1600	\$ 252.13	\$ 196.76	\$ 213.26	\$ 234.61	\$ (55.37)	\$ (38.84)	\$ (17.52)			-7%			-65%
1700	\$ 269.55	\$ 208.43	\$ 225.68	\$ 248.02	\$ (61.12)	\$ (43.87)	\$ (21.53)			-8%			-53%
1800	\$ 286.98	\$ 220.10	\$ 238.07	\$ 261.43	\$ (66.87)	\$ (48.91)	\$ (25.54)			-9%			-44%
1900	\$ 304.40	\$ 231.78	\$ 250.46	\$ 274.84	\$ (72.62)	\$ (53.94)	\$ (29.56)			-10%			-38%
2000	\$ 321.82	\$ 243.45	\$ 262.88	\$ 288.26	\$ (78.38)	\$ (58.97)	\$ (33.57)			-10%			-34%

Based on data APS provided in response to SWEEP 2.1 (04/14/17 and 04/17/17)

Change in Residential Basic Service Charges (BSCs)

Based on a 30.42 day month

Rate	BSC	Change from E-12	% Increase
E-12	\$ 8.67		
R-XS	\$ 10.01	\$ 1.34	15%
R-Basic	\$ 15.00	\$ 6.33	73%
R-Basic L	\$ 20.02	\$ 11.35	131%

Winter Comparison

Winter Comparison					Corrected Column			Corrected Column			Corrected Column		
Total Bill Winter					\$ Change			% Change			% of Bill Change from BSC Increase		
Usage	E-12 w/Adj	R-XS	R-Basic	R-Basic L	E-12 to R-XS	E-12 to R-Basic	E-12 to R-Basic L	E-12 to R-XS	E-12 to R-Basic	E-12 to R-Basic L	E-12 to R-XS	E-12 to R-Basic	E-12 to R-Basic L
82	\$ 17.64	\$ 19.58	\$ 25.16	\$ 31.01	\$ 1.94	\$ 7.52	\$ 13.37	11%			69%		
164	\$ 26.62	\$ 29.15	\$ 35.32	\$ 42.01	\$ 2.53	\$ 8.70	\$ 15.39	10%			53%		
246	\$ 35.59	\$ 38.72	\$ 45.48	\$ 53.01	\$ 3.13	\$ 9.89	\$ 17.42	9%			43%		
328	\$ 44.57	\$ 48.29	\$ 55.65	\$ 64.01	\$ 3.73	\$ 11.08	\$ 19.44	8%			36%		
410	\$ 53.54	\$ 57.86	\$ 65.81	\$ 75.01	\$ 4.32	\$ 12.27	\$ 21.47	8%			31%		
492	\$ 62.51	\$ 67.43	\$ 75.97	\$ 86.00	\$ 4.92	\$ 13.46	\$ 23.49	8%	22%		27%	47%	
455	\$ 58.46	\$ 63.12	\$ 71.39	\$ 81.04	\$ 4.65	\$ 12.92	\$ 22.58	8%	22%		29%	49%	
520	\$ 65.58	\$ 70.70	\$ 79.44	\$ 89.76	\$ 5.13	\$ 13.86	\$ 24.18		21%			46%	
585	\$ 72.69	\$ 78.29	\$ 87.50	\$ 98.48	\$ 5.60	\$ 14.81	\$ 25.79		20%			43%	
580	\$ 72.14	\$ 77.71	\$ 86.88	\$ 97.81	\$ 5.56	\$ 14.73	\$ 25.66		20%	36%		43%	44%
638	\$ 78.49	\$ 84.48	\$ 94.06	\$ 105.58	\$ 5.98	\$ 15.57	\$ 27.09		20%	35%		41%	42%
696	\$ 84.84	\$ 91.25	\$ 101.25	\$ 113.36	\$ 6.41	\$ 16.41	\$ 28.53		19%	34%		39%	40%
754	\$ 91.19	\$ 98.02	\$ 108.44	\$ 121.14	\$ 6.83	\$ 17.26	\$ 29.96			33%			38%
812	\$ 97.53	\$ 104.78	\$ 115.63	\$ 128.92	\$ 7.25	\$ 18.10	\$ 31.39			32%			36%
870	\$ 103.88	\$ 111.55	\$ 122.82	\$ 136.70	\$ 7.67	\$ 18.94	\$ 32.82			32%			35%
928	\$ 110.23	\$ 118.32	\$ 130.00	\$ 144.48	\$ 8.10	\$ 19.78	\$ 34.25			31%			33%
986	\$ 116.57	\$ 125.09	\$ 137.19	\$ 152.26	\$ 8.52	\$ 20.62	\$ 35.68			31%			32%
1116	\$ 130.80	\$ 140.27	\$ 153.30	\$ 169.69	\$ 9.47	\$ 22.50	\$ 38.89			30%			29%
1178	\$ 137.59	\$ 147.50	\$ 160.99	\$ 178.01	\$ 9.92	\$ 23.40	\$ 40.42			29%			28%
1240	\$ 144.37	\$ 154.74	\$ 168.67	\$ 186.33	\$ 10.37	\$ 24.30	\$ 41.95			29%			27%

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE, CHAIRMAN
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD DUNN

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN.

Docket No. E-01345A-16-0036

IN THE MATTER OF FUEL AND PURCHASED
POWER PROCUREMENT AUDITS FOR
ARIZONA PUBLIC SERVICE COMPANY.

Docket No. E-01345A-16-0123

CORRECTED PAGES of Rebuttal Testimony of

Jeff Schlegel

Southwest Energy Efficiency Project (SWEEP)

on the Proposed Settlement Agreement

May 4, 2017

1 receive a significant rate increase, and then experience all or most of the increase as
2 an increase in the fixed charge (BSC) – which is a double whammy for customers.
3 For example, consider a customer on the R-Basic rate with a summer bill of 700 kWh
4 per month. This customer's bill increases \$4.08 per month, but the BSC increase is
5 \$6.33 per month – more than the total bill increase. Another example is a customer
6 using 800 kWh per month in the summer, whose bill increases \$1.40 per month, but
7 the BSC increase is \$6.33 per month. Customers are losing the opportunity to control
8 their bills and mitigate the effects of the rate increase.
9

- 10 2. SWEEP observed some strange, incongruous patterns across the three residential
11 rates analyzed, with some very significant differences for customer bills and changes
12 in customer bills with just a 1 kWh change in average usage. For example, a
13 customer using 600kWh on average would have a summer bill of \$80.04 on R-XS.
14 But if that customer increased average usage to 601 kWh, then their summer bill
15 would be \$89.36 per month. This also means this customer would receive either a
16 3% bill decrease or an 8% bill increase depending on whether their average annual
17 usage was 600 kWh or 601 kWh per month. See the similar effects for a customer
18 with average annual usage around 1000 kWh per month, shown in JAS-3SR.
19

20 Both of these negative consequences are caused in part by the stepped increases in the
21 BSCs for R-Basic and R-Basic Large rates.
22

23 **Q. What does SWEEP recommend the Commission could do to remedy or reduce the**
24 **negative consequences observed in SWEEP's analysis?**
25

- 26 A. One solution to both of these negative consequences is to reduce the BSCs, and in
27 particular, to reject or reduce the proposed BSC increases.
28
29

30 **IV. RECOMMENDED RATE DESIGN: PROPERLY DESIGNED TOU RATES**
31 **WITH A SHORTER ON-PEAK PERIOD AND LOWER BSCS.**

32 **Q. What do you recommend as the appropriate and effective rate design for residential**
33 **customers?**
34

- 35 A. Properly designed, customer-friendly time-of-use rates are the most appropriate and
36 effective rate design for APS residential customers. Time-of-use (TOU) rates are a
37 superior rate design for reducing peak demands and are well known and understood by
38 customers.
39

40 Properly designed TOU rates should have lower BSCs and shorter on-peak windows that
41 customers can actually work with as a better alternative than higher fixed charges for
42 customers and higher BSCs in particular.
43

SWEEP Attachment JAS-3SR

SWEEP Analysis of Bill Impacts Based on Limited Bill Impacts Data Available at the Time of Rebuttal

Summer Comparison					
Total Bill	Summer Usage	E-12 w/Adj.	R-XS	R-Basic	R-Basic L
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1000	\$ 147.59	\$ 126.73	\$ 138.93	\$ 154.14	
1100	\$ 165.01	\$ 138.40	\$ 151.32	\$ 167.55	
1200	\$ 182.43	\$ 150.07	\$ 163.71	\$ 180.96	
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1600	\$ 252.13	\$ 196.76	\$ 213.29	\$ 234.61	
1700	\$ 269.55	\$ 208.43	\$ 225.68	\$ 248.02	
1800	\$ 286.98	\$ 220.10	\$ 238.07	\$ 261.43	
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2000	\$ 321.82	\$ 243.45	\$ 262.86	\$ 288.26	

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